

Individual Income Tax

What's New for 2016

A number of changes to the Ohio individual income tax took effect this year, and some of them will save taxpayers money. Among the key changes for 2016:

STABLE Account: Ohio's ABLE Plan. Beginning with tax year 2016, HB 358 implements a new deduction line on Schedule A that allows Ohio taxpayers to deduct contributions to a STABLE account.

Business Income Deduction. For tax year 2016, the business income deduction on Ohio Schedule A of the Ohio IT 1040 return will increase to 100% of the first \$250,000 of net business income for single or married filing jointly returns and \$125,000 for married filing separately. A flat tax rate of 3% will be applied to business income exceeding the maximum business income deduction amounts, continuing to free up additional funds for private sector jobs creators to further invest in growing their business.

Ohio IT K-1. Use the Ohio IT K-1 to report each investor's or beneficiary's proportionate or distributive share of the partnership's, corporation's, estate's or trust's Ohio income and credits. Each entity with Ohio income should prepare a separate Ohio K-1 for each investor or qualifying beneficiary to enclose with the investor's or beneficiary's IT 1040. The form can be found on our Web site at tax.ohio.gov.

Ohio Income Tax Tables. Ohio's individual income tax brackets have been indexed for inflation per Ohio Revised Code section 5747.025.

Driver's License Requirement. Ohio, along with other states, will require driver's license information for the primary taxpayer and spouse (if Married Filing Jointly) beginning in tax year 2016 in an effort to combat stolen-identity tax fraud. Taxpayers will be asked to provide the information from their driver's license or state issued identification card. For taxpayers who do not have a driver's license or state ID card, they will have the option to indicate such and still be allowed to e-file.

More information on these changes as well as complete instructions for filing an income tax return are available in the [2016 Ohio Income Tax publication](#).